

## INITIATIVE 250

I, Ralph Munro, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 250 to the Legislature is a true and correct copy as it was received by this office.

1       AN ACT Relating to limiting eligibility for benefits provided to  
2 state employees; and amending RCW 41.05.065.

3 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

4       **Sec. 1.** RCW 41.05.065 and 1996 c 140 s 1 are each amended to read  
5 as follows:

6       (1) The board shall study all matters connected with the provision  
7 of health care coverage, life insurance, liability insurance,  
8 accidental death and dismemberment insurance, and disability income  
9 insurance or any of, or a combination of, the enumerated types of  
10 insurance for employees and their dependents on the best basis possible  
11 with relation both to the welfare of the employees and to the state.  
12 However, liability insurance shall not be made available to dependents.

13       (2) The board shall develop employee benefit plans that include  
14 comprehensive health care benefits for all employees. In developing  
15 these plans, the board shall consider the following elements:

16       (a) Methods of maximizing cost containment while ensuring access to  
17 quality health care;

(b) Development of provider arrangements that encourage cost containment and ensure access to quality care, including but not limited to prepaid delivery systems and prospective payment methods;

(c) Wellness incentives that focus on proven strategies, such as smoking cessation, injury and accident prevention, reduction of alcohol misuse, appropriate weight reduction, exercise, automobile and motorcycle safety, blood cholesterol reduction, and nutrition education;

(d) Utilization review procedures including, but not limited to a cost-efficient method for prior authorization of services, hospital inpatient length of stay review, requirements for use of outpatient surgeries and second opinions for surgeries, review of invoices or claims submitted by service providers, and performance audit of providers;

(e) Effective coordination of benefits;

(f) Minimum standards for insuring entities; and

(g) Minimum scope and content of public employee benefit plans to be offered to enrollees participating in the employee health benefit plans. To maintain the comprehensive nature of employee health care benefits, employee eligibility criteria related to the number of hours worked and the benefits provided to employees shall be substantially equivalent to the state employees' health benefits plan and eligibility criteria in effect on January 1, 1993. Nothing in this subsection (2)(g) shall prohibit changes or increases in employee point-of-service payments or employee premium payments for benefits.

(3)(a) The board shall design benefits and determine the terms and conditions of employee participation and coverage, including establishment of eligibility criteria.

(b) Eligibility shall be limited to employees and their dependents, including lawful spouses, who qualify according to the eligibility requirements in effect on May 1, 2000.

(c) For purposes of eligibility, the term "lawful spouse" means a husband or a wife in a marriage recognized as valid in accordance with RCW 26.04.010 as amended by chapter 1, Laws of 1998 (reaffirming and protecting the institution of marriage, known as the Washington State Defense of Marriage Act).

(4) The board may authorize premium contributions for an employee and the employee's dependents in a manner that encourages the use of cost-efficient managed health care systems.

1 (5) Employees shall choose participation in one of the health care  
2 benefit plans developed by the board and may be permitted to waive  
3 coverage under terms and conditions established by the board.

4 (6) The board shall review plans proposed by insuring entities that  
5 desire to offer property insurance and/or accident and casualty  
6 insurance to state employees through payroll deduction. The board may  
7 approve any such plan for payroll deduction by insuring entities  
8 holding a valid certificate of authority in the state of Washington and  
9 which the board determines to be in the best interests of employees and  
10 the state. The board shall promulgate rules setting forth criteria by  
11 which it shall evaluate the plans.

12 (7) Before January 1, 1998, the public employees' benefits board  
13 shall make available one or more fully insured long-term care insurance  
14 plans that comply with the requirements of chapter 48.84 RCW. Such  
15 programs shall be made available to eligible employees, retired  
16 employees, and retired school employees as well as eligible dependents  
17 which, for the purpose of this section, includes the parents of the  
18 employee or retiree and the parents of the spouse of the employee or  
19 retiree. Employees of local governments and employees of political  
20 subdivisions not otherwise enrolled in the public employees' benefits  
21 board sponsored medical programs may enroll under terms and conditions  
22 established by the administrator, if it does not jeopardize the  
23 financial viability of the public employees' benefits board's long-term  
24 care offering.

25 (a) Participation of eligible employees or retired employees and  
26 retired school employees in any long-term care insurance plan made  
27 available by the public employees' benefits board is voluntary and  
28 shall not be subject to binding arbitration under chapter 41.56 RCW.  
29 Participation is subject to reasonable underwriting guidelines and  
30 eligibility rules established by the public employees' benefits board  
31 and the health care authority.

32 (b) The employee, retired employee, and retired school employee are  
33 solely responsible for the payment of the premium rates developed by  
34 the health care authority. The health care authority is authorized to  
35 charge a reasonable administrative fee in addition to the premium  
36 charged by the long-term care insurer, which shall include the health  
37 care authority's cost of administration, marketing, and consumer  
38 education materials prepared by the health care authority and the  
39 office of the insurance commissioner.

1 (c) To the extent administratively possible, the state shall  
2 establish an automatic payroll or pension deduction system for the  
3 payment of the long-term care insurance premiums.

4 (d) The public employees' benefits board and the health care  
5 authority shall establish a technical advisory committee to provide  
6 advice in the development of the benefit design and establishment of  
7 underwriting guidelines and eligibility rules. The committee shall  
8 also advise the board and authority on effective and cost-effective  
9 ways to market and distribute the long-term care product. The  
10 technical advisory committee shall be comprised, at a minimum, of  
11 representatives of the office of the insurance commissioner, providers  
12 of long-term care services, licensed insurance agents with expertise in  
13 long-term care insurance, employees, retired employees, retired school  
14 employees, and other interested parties determined to be appropriate by  
15 the board.

16 (e) The health care authority shall offer employees, retired  
17 employees, and retired school employees the option of purchasing long-  
18 term care insurance through licensed agents or brokers appointed by the  
19 long-term care insurer. The authority, in consultation with the public  
20 employees' benefits board, shall establish marketing procedures and may  
21 consider all premium components as a part of the contract negotiations  
22 with the long-term care insurer.

23 (f) In developing the long-term care insurance benefit designs, the  
24 public employees' benefits board shall include an alternative plan of  
25 care benefit, including adult day services, as approved by the office  
26 of the insurance commissioner.

27 (g) The health care authority, with the cooperation of the office  
28 of the insurance commissioner, shall develop a consumer education  
29 program for the eligible employees, retired employees, and retired  
30 school employees designed to provide education on the potential need  
31 for long-term care, methods of financing long-term care, and the  
32 availability of long-term care insurance products including the  
33 products offered by the board.

34 (h) By December 1998, the health care authority, in consultation  
35 with the public employees' benefits board, shall submit a report to the  
36 appropriate committees of the legislature, including an analysis of the

1 marketing and distribution of the long-term care insurance provided  
2 under this section.

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